

NOW TRENDING

An ultra-competitive apparel scene is pushing suppliers to ratchet up their service and selection. Here are the four trends that are having the most impact on their business today – and moving forward.

By Betsy Cummings

Supplier Trends

What's trendy in fashion is ever-changing, with new fabrics, designs and embellishments constantly redefining style. But, to be successful, apparel makers can't solely be focused on the bright lights of red carpet runways. To truly flourish, they need to understand the market's less glitzy – though equally important – business and operational trends.

To take the pulse of the marketplace, *Counselor* spoke to several ad specialty industry apparel suppliers and asked what was driving their management decisions. The result was four findings that touch on shifts in sourcing, pricing and processes – changes that affect the entirety of the market.

Compliance is Key

The first topic increasingly discussed by wearables suppliers is compliance, says Ira Neaman, owner of Top 40 firm Vantage Apparel (asi/93390), based in Avenel, NJ. Factory safety in particular is “going to have a big impact” on both suppliers and end-buyers moving forward in 2014, Neaman says, as apparel firms grapple with recent tragedies abroad. Most notably, in Bangladesh for example, a factory fire and a building collapse killed more than 1,000 garment workers last year.

Larger companies – especially those that consider brand equity their most valued asset – are insisting on buying clothes that are sourced, produced and decorated in reputable facilities. Factories need to be safe, offer higher wages and fair work practices. “This is not new,” Neaman concedes, but the emphasis on responsible factories is no longer a request, but a demand from Corporate America. Cost matters, but image dictates that safety matters more.

The confluence of social awareness and tragic events has made “ethical sourcing” today's standard of operation, says Ash City's (asi/37127) Georgeta Navodarszky. “The new trend is transparency, traceability and accountability,” says Navodarszky, the Top 40 supplier's director of sourcing. She adds that the ad specialty industry is transitioning into a “new normal” in sourcing and manufacturing that promises to provide clothing that upholds social standards as much as product quality.

All this means the industry's big players have to ditch a reactionary mindset and concentrate instead on being proactive. The biggest hurdles still to overcome, say Navodarszky and others, is the reality that there are no clear global standards yet for how factories should operate ethically worldwide.

East vs. West

With an increase in compliance needs to comes a shift in where products are made, say industry experts, as suppliers look to better and more controllable facilities. In the case of Vantage, “less than half a percent of our production is in Bangladesh,” Neaman says, adding that 80% of the company's production takes place in textile centers within China and India “in well-established factories that we have long-term relationships with.”

“The new trend is transparency, traceability and accountability.”

Georgeta Navodarszky, Ash City

But other suppliers are exploring options beyond Asia, particularly in Latin America, where apparel manufacturing has been on the rise. “Most of our sourcing is in the Americas,” says Jose Gomez, vice president of sourcing and operations at *Counselor* Top 40 supplier Edwards Garment Co. (asi/51752). Gomez credits NAFTA with helping his company establish a stronger foothold in socially responsible sourcing regions. “The big difference we see compared to our competitors is we have significantly more production closer to the U.S., and that speaks to our need to have faster lead times and faster response times for our customers.”

This push for speed and ethical sourcing is not lost on factory owners in Asia. Apparel firms say factories in places like China are becoming more aggressive in attracting supplier business, not wanting to give up their stranglehold on projects. What's their tactic? “A lot of factories are bringing down the price to get U.S. com-

panies to buy in,” says Angela Wong, merchandise manager for Dunbrooke Apparel Corp. (asi/50930), a supplier based in Independence, MO. Today's manufacturing trends, she maintains, revolve around “the cheaper, the better.”

That doesn't necessarily mean cutting corners or reducing product quality. In fact, she insists, the opposite is often the case. Asian apparel factories are becoming increasingly more efficient at offering high-end production at a cost that's more competitive than ever. For Dunbrooke, Wong says, that translates to a per-item reduction as much as 80 cents per garment.

“A lot of suppliers are out there trying to find good factories, and manufacturers are taking advantage of that,” Wong says, adding that a multitude of factories are willing to bid lower than ever on jobs “to get their foot in the door” with suppliers. “I haven't seen this kind of pricing in a while, at least since 2008,” Wong says, floored by the prices she was being quoted at a recent trade show in China.

Quicker & Cheaper

Improved pricing is allowing suppliers to operate at higher margins, Wong and others report, creating a more lucrative business model – at least while the cost of cotton and other materials remains stable. “On our cheapest polos, we're mass producing to keep them in stock,” Wong says, and maintaining higher margins in the process, though she wouldn't divulge how much her company's margins have increased.

Gaining in margins is critical as suppliers admit shipping and freight costs are higher than ever. But suppliers insist these steeper costs aren't being passed to customers. To remain competitive and meet consumer-driven expectations set by websites like Amazon and Zappos, suppliers are actually offering distributors reduced or free freight programs.

At Top 40 supplier SanMar (asi/84863), for example, the company's PSST (pack separately, ship together) program eliminates shipping and restocking fees for qualifying distributors. Decoration shops receive similar perks, according to Mike Little, president of Team Mates, Inc. (asi/90674), a decorator in Eagan, MN, that participates in SanMar's program.

The program is a boon to Team Mates' business, he says, since its distributor clients "don't pay any freight."

While the program has been in operation for a few years, Little says he sees more and more large-scale apparel suppliers offering similar services, an added value that bigger players are perhaps feeling obligated to provide. In fact, apparel suppliers and decorators alike are continuously re-strategizing to figure out ways to reduce costs, both for themselves and clients. These efforts began during the recession, but now center more on progression than survival. Companies are realizing they must be adaptable and can't rely on the past to navigate the future.

Several years ago, for example, Edwards ordered products based on projected sales, which, on the whole, seemed like a smart strategy. But market fluctuations – from order uncertainty to design variations – have made basic predictive models obsolete. Fortunately, Gomez says, recent process advancements have cut production and shipping times, ultimately slashing costs for clients.

"Three or four years ago, at the time we placed the order, the factory would make the fabric and it would take 30 to 45 days to do that, then another two to three weeks to manufacture the product," Gomez says. "Then, depending on location, it might take another four to five weeks to get to the U.S., so that we were able to deliver the product to the customer."

But now, obviously, those timelines just don't cut it. The supply chain has evolved, thankfully, making fabrics more readily available, but at the same cost. A newly-installed ERP system is also helping Edwards take the aggregate of both big and small clients and compare seasonal trends year-over-year to better predict future sales.

In addition, the company is more in-sync with factories that are making sure materials are on-hand whenever Edwards needs them. "The new model is heavily supported by material availability," he says. "When we place an order, the vast majority of the time the materials are already ready," Gomez says. "I mean mostly fabrics, but also trim items," which includes embellishments. That, he says, is "cutting down a big portion of the pro-

duction cycle." And, because Edwards has a "long-term position with that factory, our orders go straight into production," Gomez says. "We don't have to wait for space in the factory."

Spooked by factory catastrophes in some regions and increased competition among web-based suppliers, more established players are cutting out uncertainties. That means they're constantly evaluating their factory resources, processes and systems, much like Edwards has done. Gomez contends the work is making a big difference at Edwards, which has shaved as much as 10 days off shipping requests.

Originality Still Counts

With consolidation an ongoing phenomenon in the apparel marketplace, particularly among T-shirt suppliers, finding a niche is critical, says Mark Trozduk,

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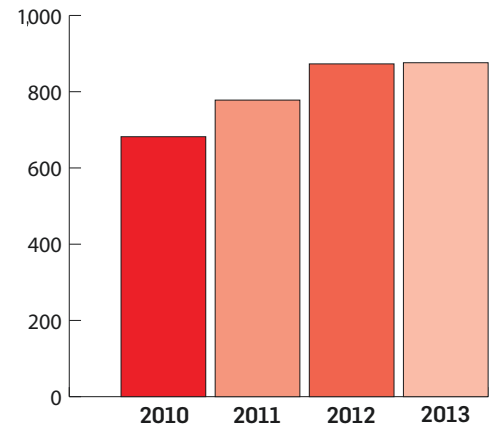
president of Boardroom Eco Apparel (asi/40705), a supplier based in Vancouver. "We're getting more business because people want to be different" in today's more competitively branded climate. Among household-name apparel suppliers "everybody's got the same product," says Trozduk, who insists that his company is different for several reasons.

"We're able to cut and sew from scratch," Trozduk says. That allows Boardroom to incorporate and create almost any garment an end-user wants – think shoulder piping, sublimating panels in different colors or even matching pantone shades on black garments. Because the company has the ability to be so flexible and original, it can go so far as to guarantee brand equity on a client's apparel design, matching themes, colors, logos and any other requests a customer throws at it.

To provide the most customized,

GROWING FONDER OF APPAREL

The average wearables order size has increased for four straight years.



Source: *Wearables Magazine*

fashion-forward garments, Boardroom Apparel has chucked the notion of stock inventory for distributor requests. "People want what they want," Trozduk says. "For distributors I'm working with, we're going in and asking them what they want in the real world, what would be their perfect scenario." It's a much more intensive, difficult business model than simply stocking "10,000 jackets or polos," Trozduk admits. But it's helping the company come out a winner against the encroaching competition of the market, particularly among Internet companies.

For other suppliers, creating a unique position in the marketplace means searching for better designs. Different factories offer different technology, ideas and embellishments – providing an enticing edge for suppliers. High-contrast zippers, for example, are made through "seamless welded technology" applied by lasers. Advances like these are always changing the game, even affecting staffing.

"Manufacturers are building product support teams to aid in the development of these new features," says Jackie Whitfield, vice president of merchandising for Trimark Sportswear Group (asi/92122), a supplier based in Richmond Hill, Ontario.

As always, the goal is to find the next big thing before someone else does.

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